

Hershey Chocolate Corporation and Subsidiary Companies



CONSOLIDATED BALANCE SHEET

December 31, 1936

AND

SUMMARIES OF CONSOLIDATED PROFIT AND LOSS ACCOUNT
AND CONSOLIDATED EARNED SURPLUS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 1936

TOGETHER WITH

AUDITORS' REPORT

HERSHEY CHOCOLATE CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEET - DECEMBER 31, 1936

ASSETS

CURRENT ASSETS:

Cash		\$ 676,717.30
Accounts receivable	\$ 1,882,824.44	
Less - Reserve for bad debts and discounts	239,198.94	1,643,625.50
Raw materials, goods in process and finished goods, quantities and condition determined by company; valued at the lower of cost or market		11,487,586.63
Total current assets		\$13,807,929.43

SUPPLY INVENTORIES, PREPAID EXPENSES, ETC.:

Supplies and repair parts	\$ 305,054.58	
Salesmen's advances, prepaid insurance, taxes, shipping expenses, etc.	161,169.72	466,224.30

PLANT AND PROPERTY:

Particulars	Cost	Reserve for Depreciation	Net
Land	\$ 123,228.39	\$ -	\$ 123,228.39
Buildings and improvements	7,981,731.70	3,023,826.13	4,957,905.57
Machinery, equipment and fixtures	11,525,168.95	6,676,462.44	4,848,706.51
New York properties	1,715,712.93	355,394.91	1,360,318.02
	<u>\$21,345,841.97</u>	<u>\$10,055,683.48</u>	<u>\$11,290,158.49</u>
Construction in progress			70,294.39
			<u>\$25,634,606.61</u>

LIABILITIES

CURRENT LIABILITIES:

Loans and demand notes payable	\$ 3,000,000.00
Accounts and wages payable	\$ 2,121,069.04
Reserve for Federal and state taxes (subject to review by taxing authorities)	1,559,935.86
Dividends payable February 15, 1937 on convertible pre- ference and common stock	1,033,999.75
Total current liabilities	\$ 7,715,004.65

CAPITAL STOCK AND SURPLUS:

Convertible preference stock (without par value)- Au- thorized and issued, 350,000 shares, of which 78,649 shares have been converted into common stock Issued and outstanding, 271,351 shares (including 17,507 shares held in treasury) at stated value (see note)	\$ 271,351.00
Common stock (without par value)-Authorized, 1,000,000 shares, of which 271,351 shares are reserved for con- version of convertible preference stock Issued and outstanding, 728,649 shares (includ- ing 26,900 shares held in treasury) at stated value..	728,649.00
	\$ 1,000,000.00
Surplus at organization	3,297,212.48
Earned surplus	16,140,699.67
	\$20,437,912.15
Deduct - Hershey Chocolate Corporation treasury stock at cost - Convertible pref- erence stock	17,507 shares \$1,287,635.19
Common stock	26,900 shares 1,230,675.00
	\$ 2,518,310.19
	<u>17,919,601.96</u>
	<u>\$25,634,606.61</u>

NOTE: The convertible preference stock is entitled to cumulative dividends at the rate of \$4.00 per share per annum, plus an extra dividend of \$1.00 per share in any year in which dividends are declared (or paid) on the common stock. Upon any distribution of capital assets, the convertible preference stock is entitled to receive \$50.00 per share and accumulated and unpaid dividends (if any) before any distribution to the common stock, and shares equally with the common stock in any distribution of the balance until the convertible preference stock shall have received a total of \$100.00 per share and accumulated and unpaid dividends (if any).

HERSHEY CHOCOLATE CORPORATION AND SUBSIDIARY COMPANIES

SUMMARY OF CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 1936

GROSS PROFIT ON SALES	\$ 9,782,028.25
SHIPPING, SELLING, ADMINISTRATIVE AND GENERAL EXPENSES.....	5,458,310.81
Net profit from operations	\$ 4,323,717.44

OTHER INCOME--NET:

Profits from sale of scrap and creamery products, dis- counts, etc.	\$ 475,212.43	
Less - Loss on retirement of fixed assets (\$80,924.73) and interest charges (\$38,596.62)	119,521.35	355,691.08

Net profit before provision for Federal and Commonwealth of Pennsylvania income taxes	\$ 4,679,408.52
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PROVISION FOR FEDERAL INCOME TAX (Including \$179.50 surtax on undistributed profits) AND COMMONWEALTH OF PENNSYLVANIA INCOME TAX	949,489.63
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Net profit carried to surplus account	\$ 3,729,918.89
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NOTE: Costs and expenses include provision for de-
preciation on plant and equipment in the
amount of \$763,053.80.

SUMMARY OF CONSOLIDATED EARNED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1936

Earned surplus at December 31, 1935.....	\$16,206,297.18
Net profit for the year ended December 31, 1936	3,729,918.89
	\$19,936,216.07

Dividends:		
Convertible preference stock.....	\$1,269,220.00	
Common stock.....	2,526,296.40	3,795,516.40
Earned surplus at December 31, 1936.....		\$16,140,699.67

OFFICERS:
M. S. Hershey, Chairman of Board of Directors
William F. R. Murrie, President
Ezra F. Hershey, Treasurer
W. S. Crouse, Secretary
O. E. Bordner, Comptroller

DIRECTORS
M. S. Hershey, Hershey, Pa.
Wm. F. R. Murrie, Hershey, Pa.
Ezra F. Hershey, Hershey, Pa.
P. A. Staples, Central Hershey, Cuba
L. W. Majer, Hershey, Pa.

ARTHUR ANDERSEN & Co.

ACCOUNTANTS AND AUDITORS
67 WALL STREET
NEW YORK

AUDITORS' REPORT

To Hershey Chocolate Corporation:

We have made an examination of the consolidated balance sheet of the Hershey Chocolate Corporation (a Delaware Corporation) and subsidiary Companies as at December 31, 1936, and of the summaries of consolidated profit and loss and earned surplus accounts for the year ended that date. In connection therewith, we examined or tested accounting records of the companies and other supporting evidence and obtained information and explanations from officers and employees of the companies; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

In our opinion, based upon such examination, the accompanying consolidated balance sheet and related summaries of consolidated profit and loss and earned surplus accounts fairly present, in accordance with accepted principles of accounting consistently maintained by the companies during the year under review, the financial position of the companies at December 31, 1936, and the results of their operations for the year ended that date.

ARTHUR ANDERSEN & CO.

New York, N. Y.,
February 18, 1937.



Our Stockholders, as individuals, can greatly advance the Company's interest and their own, by using HERSHEY'S Products in their homes and recommending them to others.

